

1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE SOUTH CAROLINA ECONOMY

The importance of small business to the state of South Carolina is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, South Carolina had 82,673 businesses with employees; 97.4 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 109,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 3.2 percent to \$3.9 billion in 1997, while wage-and-salary income rose 6.2 percent. The state also exported \$5.7 billion of goods in 1997. (In 1992, 72.0 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 89,800 women-owned businesses in South Carolina, including part-time firms, employing 174,200 people and generating \$16.5 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 93.8 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 43.1 percent from 1987 to 1992, totaling 18,343 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 169.0 percent during the same time period with 1,057 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 965 in 1987, to 1,877 in 1992, representing a 94.5 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms increased 1.7 percent, while new business incorporations increased 1.2 percent. Financial difficulties leading to business bankruptcies increased by 34.1 percent and business failures increased by 11.0 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in South Carolina increased from 77 in 1994 to 80 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
ANDERSON BROS BK	Mullins
BANK OF WALTERBORO	Walterboro
BANK OF YORK	York
FIRST NAT SOUTH	Marion
M S BAILEY & SON BKR	Clinton
PALMETTO ST BK	Hampton
ENTERPRISE BK OF SC	Ehrhardt
BANK OF SC	Charleston
PALMETTO BK	Laurens
CAROLINA FIRST BK	Greenville

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created all of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	62,904	33,059	31,040	35,140	(44,341)	117,802
Manufacturing	1,501	2,764	5,535	5,039	(34,953)	(20,115)
Retail Trade	11,151	4,893	6,061	10,841	(2,696)	30,252
Services	34,486	18,186	15,190	17,690	(5,889)	79,663
Other	15,763	7,217	4,252	1,569	(803)	28,002

Industries - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in South Carolina, followed by Health Services. The fastest growing industry for small business is Insurance Carriers (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	1,395,070	100.0	46.8
Health Services	8000	120,394	8.6	37.7
Eating & Drinking Places	5800	111,079	8.0	59.5
Business Services	7300	89,537	6.4	39.6
Textile Mill Products	2200	88,693	6.4	13.9
Food Stores	5400	55,327	4.0	24.3

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	653,256	100.0	46.8
Eating & Drinking Places	5800	66,049	8.0	59.5
Health Services	8000	45,392	8.6	37.7
Special Trade Contractors	1700	44,700	3.4	94.5
Business Services	7300	35,414	6.4	39.6
Wholesale Trade - Durable Goods	5000	31,243	3.0	74.2

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	653,256	15,908	2.4
Insurance Carriers	6300	905	204	22.5
Food & Kindred Products	2000	3,732	835	22.4
Meas., Anal., Cntr. Instr. & Photo., Med. & Opt.	3800	1,248	233	18.7
Paper & Allied Products	2600	1,913	316	16.5
Agricultural Services	700	7,114	675	9.5

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.